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8 October 1959

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File: Chief E
Ind. Rpts

TO: Assistant Director for Research and Reports
FROM: Chief, Economic Research Area
SUBJECT: Activity Report for the Month of September 1959

Support Activities

Intra-Agency Support

1. ORR support for OCI during the month included preparation of articles on Soviet interest in US trade and the status of the Soviet consumer as background for the Khrushchev trip. Other subjects included bloc penetration activities, continuing Soviet administrative reorganization, Chinese harvest prospects, EUSAT collectivization and industrialization and aspects of Soviet missile activity.

2. St/CS prepared an article on Soviet-Chinese economic relations at OCS request.

3. DCI/DDI support included contributions to NSC briefing on Communist China and to the DCI briefing of [REDACTED]

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4. A paper was prepared by I/GM for the DCI's use, commenting on statements on various aspects of guided missiles made by Khrushchev during his visit to the US. The comments cover both the public statements and the private ones available to date.

5. Messrs. [REDACTED] of S/TF prepared material for DCI use in briefing Governor Williams who was departing for Poland and West Germany.

6. Mr. [REDACTED], Chief, D/A, and DAD/RR participated in a DCI briefing of [REDACTED]

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7. W/FP supplied information to the DD/I on a proposal to construct a pipeline for transmission of natural gas from Algeria to France and Western Europe via Gibraltar and Spain.

8. Interested branches supported OO/C by furnishing requirements in connection with the Khrushchev visit.

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9. At the request of DD/P, Mr. [REDACTED] I/CM, briefed the director on guided missile intelligence collection requirements. In addition, I/CM participated in the briefing of 35 officers of DD/P/PI and 30 contact specialists of OO/C not previously briefed on missiles.

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10. Various branches of D/I are furnishing support to the DD/P in the form of evaluations and requirements for use in the exploitation of a [REDACTED]

11. For NIE 11-5-59, a supplementary contribution was forwarded at the request of the Chairman, GMAIC, which, among other things, apparently demonstrated to GMAIC's satisfaction that the Soviet ICBM is probably in series production.

Extra-Agency Support

12. USIB Watch Committee support concerned Sino-Soviet Bloc arms trade, East German multiple-use communication towers, the implications of the Chinese Communist Plemm, collectivization and unrest in Hungary, Rumanian military construction, and information on the Chinese meteorological situation.

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13. [REDACTED] met with ERA analysts on 21 and 22 September to discuss current economic problems in Communist China. Interested personnel from A/F, S/TF, I/MS, M/AG, and M/FP participated in the discussions.

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15. Mr. [REDACTED] Chief, I/EE, has been invited to attend the regular meetings of the SIC Electronics Subcommittee, and was asked to participate in an SIC evaluation of Soviet Bloc infra-red capabilities. Participation by I/EE will consist of support on statements of production capability in infra-red cells, optics, or finished equipment.

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16. Messrs. [REDACTED] I/ME, met with Mr. [REDACTED] of Ordnance Technical Intelligence Agency, US Army, relative to the question of Soviet capabilities in flying platforms.

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17. Mr. [REDACTED] I/PE, provided information to the Soviet Affairs Division of State Department on Soviet and US practices in production of gears.

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18. Mr. [REDACTED] I/PE, prepared data on motor vehicle production in Hungary and East German for Materiel Branch, ACSI, Department of the Army.

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19. Messrs. [REDACTED] of S/TR provided support to AFCIN-31-1A on logistic supply routes and road conditions in Tibet and along the China-India border.

20. S/COM has provided cabled and air pouched support for the US Delegate to the ITU Administrative Radio Conference in Geneva.

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21. Messrs. [REDACTED] S/TR/SP, briefed two [REDACTED] on economic penetration in Southeast Asia.

22. The intelligence review of the International Security Lists, prepared as guidance in formulating the US position for the 1959 COCOM List review, was completed and provided to the EDAC community by S/TD. Case summaries were supplied to EDAC/DCP on possible diversions of jet engine turbine blades and borax, and intelligence statements also were provided to ACEP/OC in connection with applications to export rated items from the US to Bloc countries.

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23. At the request of MDAC, M/FM [REDACTED]

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advice for representatives of the Departments of Commerce, Defense, and State in connection with COCOM discussions concerning certain types of rolling mills. Mr. [REDACTED] M/FM, will provide intelligence and technical support for MDAC on the same subject.

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24. Mr. [REDACTED] M/FP, briefed Mr. [REDACTED] on the coal industry of Poland.

Research Planning, Program Support, and Special Projects

25. DAD/RR, Chief, D/I and Deputy Chief, I/SH, met with representatives of ONE, OCI, and OSI to discuss a proposed draft of the portion of NIE 11-4-59 concerning Soviet production of new types of submarines.

26. The ORR preliminary assessment of [REDACTED] is being prepared 25X1A2g for the planned joint OO/ORR/OSI conference to be held in San Francisco in October to evaluate the [REDACTED] operation. 25X1A2g

25X1A5a1 27. [REDACTED] began a 6 week tour at headquarters to do research on "The Informal Organization of Soviet Industry."

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25X1A9a 28. Messrs. [REDACTED] A/U, attended a meeting with Mr. [REDACTED] Operations Research Office, concerning the USSR input-output study conducted by that office.

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25X1D1a 29. A formal requirement has been prepared [REDACTED] for NSA outlining CIA's needs for a series of priority studies to be completed by NSA within one year. This requirement is the culmination of the recent exchange of correspondence between the DD/I and the Director, NSA on this long-standing problem. [REDACTED] is advised informally that the expected completion date on a limited requirement of a similar type has been advanced by at least several months over that reported last month, as a direct result of General Samford's intervention.

30. At various times during the month, discussions on machine data processing problems and proposals were held by I/GM with: the ORR representative on the OCR Data and Automation Group, whose final report on the applicability of the MINICARD system to missile problems is now being prepared; the AD/RR's designee for assessing EDPM in connection with a report prepared for the DI/I; SR/OCR regarding possible alternatives to MINICARD and other problems; NSA regarding expansion of that agency's machine processing and reporting of certain high-volume materials; and AFCIN and ATIC, arranging for receipt by I/GM of certain listings from ATIC's 704 computer program.

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USIB Exchange Program

33. Appropriate branches provided support to the USIB Standing Committee on Exchanges in connection with proposed US-USSR exchanges of delegations in the fields of aeronautics, ferrous and nonferrous foundry industries, fluorine chemicals, aluminum and copper industries, and inland waterways.

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34. M/FP assisted OO/C in the debriefing of [REDACTED]
[REDACTED]

Problems

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36. There is increasing concern regarding the future receipt at the branch level of the necessary raw intelligence and information reports for the production of thoroughly researched economic intelligence on the Sino-Soviet Bloc.

Collectors who formerly contributed extensively have steadily reduced their efforts to report economic information. The contribution of special intelligence has declined sharply during the past several years. Army, Navy, Air, and State "by-product" economic coverage on the Bloc has dropped steadily. FBID economic coverage has been reduced in favor of political and military coverage. DD/P contributions are now nominal. In justifying their reduction in economic coverage, the major collectors have cited, in addition to higher priorities, reductions in personnel and other budgetary considerations, the heavy increase in economic information contained in overt publications (newspapers, periodicals, handbooks, year-books, books, etc.) that are now released by the Sino-Soviet Bloc countries.

While it is true that much more material is available in open-sources than was formerly the case, it is also true that the processing of such material requires a considerable translation effort. ORR is now faced with limitations on and reductions in the effort being made by FDD to translate the economic information appearing in open-source publications. Current FDD proposals on the allocation of manpower in the USSR Branch of FDD are strongly biased in favor of political and military coverage. With

The general tide of collection and support effort running against economic coverage, it is felt that ORR should make the strongest possible representations to maintain its share of FDD support at a high level.

Miscellaneous

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37. Mr. [REDACTED] Chief, ERA, addressed the US Army War College, Carlisle, Penn., on the Soviet economic system.

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38. Interested ERA personnel debriefed [REDACTED]

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